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SECRETARY, BOARD OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE
APPLICATION OF EL PASO E & P
COMPANY FOR APPROVAL OF THE
LAWSON 1-21A1 WELL LOCATED NE
QUARTER OF THE SW QUARTER OF
SECTION 21, T1S0, R1 WEST, SLM,
DUCHESNE COUNTY, UTAH AS A CLASS
II INJECTION WELL.

NOTICE OF
AGENCY ACTION

Cause No. *UIC -359.1*

Docket No. *2011-001*

The Division of Oil, Gas and Mining hereby submits this Notice of Agency Action petitioning the Board of Oil, Gas and Mining (Board) to review and approve or deny the application of El Paso E & P Company, (El Paso, Applicant) for conversion of the Lawson 1-21A1 Well as a Class II Injection Well.

1. El Paso filed its Revised Application (Exhibit 1) for Injection Well with the Division on January 25, 2010. The Revised Application includes an Affidavit of Notice of Revision to Application For Injection dated January 22, 2010 stating that notice of the Revised Application had been given to owners, operators, and surface owners within one-half mile radius of the Well.

Notice of the Informal Adjudication was issued by the Division December 16, 2009 and was published in the Salt Lake Tribune December 19, 2009 and in the Uintah Basin Standard, Roosevelt, Utah and Vernal Express on December 22, 2009.

2. Written objections to the application were received by the Division subsequent to the notice and within the time provided for making objection as provided in Utah Admin. code R649-5-3(3). Copies of the objections are attached as Exhibit 2.

3. The Division responded to these applications by providing additional information. The Division also informed these individuals that the application would be placed before the Board for a public hearing on the application. (See Letters from Mark Reinhold and Brad Hill, Exhibit 3)

4. The Division has determined that in accordance with the provision of Utah Admin. code R649-5-3(4) it is necessary and advisable for the application to be set for notice and hearing by the Board.

5. The information submitted as part of the Revised Application and subsequently are (attached as Exhibit 1) and hereby incorporated by reference as part of this Notice of Agency Action including:

- (1) Amended UIC Form 1;
- (2) Amended Form 9 for Step Rate Test;
- (3) Amended Procedure for conversion to SWD;

(4) Revised Geologic Study;

(5) Affidavit of landowner notification; and

(6) Step rate test and water analysis submitted November 1, 2010. (Attached as Exhibit 4)

6. The Revised Application was an informal adjudicative matter subject to the provision of the Utah Administrative Procedure Act and rules applicable to information adjudications. As a result of the filing of this Notice of Agency Action, the revised application is converted to a formal adjudication governed by the Procedural Rules of the Board Utah Admin. code R641-100 et seq., and other provisions applicable to formal adjudications.

7. All persons wishing to participate in the hearing will be required to comply with the Rules of the Board.

WHEREFORE, the Division requests the Board to:

A. Set the Revised Application for approval of the Lawson 1-21A1 Well for approval as a Class II injection Well for hearing and determination at the regularly scheduled meeting of the Board to be held on January 26, 2011

B. Give notice of this Notice of Agency action and the scheduled hearing as provided for by the laws and regulations governing the approval of such applications and hearings before the Board to all persons entitled to notice including written notice to those person who have filed objections and notice by publication as required by the rules of the Board.

C. Conduct a hearing at which Applicant shall present its evidence in support of the Revised Application, and any persons who are parties to this matter by reason of their objections or pursuant to motion to the Board, may present evidence regarding the Revised Application.

D. Make findings and enter an Order regarding the approval or disapproval of the Lawson 1-21A1 Well as a Class II injection Well for the injection and disposal of produced salt water into the requested formations and depths for disposal purposes.

E. Provide for such other relief or conditions as may be just and reasonable based on the circumstances and evidence adduced.

Dated this 13th day of December, 2010

A handwritten signature in black ink, appearing to read "Steven F. Alder", written in a cursive style.

Steven F. Alder, Assistant Attorney General
Counsel for Utah Division of Oil, Gas and Mining

CERTIFICATE OF MAILING

I hereby certify that on the 14 day of December, 2010, that I mailed a true and correct copy of the foregoing **UTAH DIVISION OF OIL, GAS AND MINING'S NOTICE OF AGENCY ACTION**, Via United States mail, postage prepaid, to the following:

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